



State of New Hampshire

Department of Administrative Services

Surplus Distribution Section

12 Hills Avenue, Concord, N.H. 03301

603-271-2602

Facsimile Cover Sheet

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Attention: _____

Company: BPR RESPONSE

From: A.W. Haessler, New Hampshire FAX NO: (603) 271-6475

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Message: _____



The State Of New Hampshire
DEPARTMENT OF ADMINISTRATIVE SERVICES

SURPLUS DISTRIBUTION SECTION
12 HILLS AVENUE
CONCORD NH 03301-4899

ARTHUR W. HAEUSSLER, SUPERVISOR
OFFICE 603-271-2602
FACSIMILE 603-271-6476

April 28, 2000

Secretary Dan Glickman
United States Department of Agriculture
W Stop 9000
1400 Independence Ave SW
Washington, DC 20250-9000

Dear Sir,

First let me begin by thanking your department for the opportunity to be able to respond to the current USDA BPR Proposal. I have directed this response to you directly because I believe that your department may have has lost sight of the overall satisfaction and value of the USDA Commodity Program, here in New Hampshire.

I have been involved with the Commodity Program now for almost 12 years. During that time I have applauded your agency's work and increased cooperation with our state, which has assisted our efforts with improving the quality of commodities for our valued students. Also during this timeframe The Commodity Improvement Act of 1987 also provided a major renovation of the commodity program through the requirement of establishing prescribed levels of service for the State Distributing Agencies. At first there was quite a bit of reluctance to detail and analyze each respective state agency activity. That effort though, assisted my personal focus on the need for change and improvements to this state's distribution system. Along with that it also presented the fact that the commercial component for the commodity storage overflow and TEFAP distribution were far in excess of the costs as compared with the state distribution warehouse. As a result of the Commodity Act, this state increased its service while reducing the warehousing and distribution costs for our program participants.

Just a few years ago, we were also fortunate to be one of the first state's to have the benefit of participation with the Department of Defense Fresh Produce Pilot Program. This pilot as originally presented, continues to be another milestone for this state's commodity improvement! Through this pilot some of our schools reported that it was their first time ever, to have the luxury of receiving fresh produce during the winter months. This program has grown to be such an enormous success that we continue to offer fresh produce on every run to every school in this state. In fact if there were a negative aspect, it would be summed up that we are not allowed to increase the dollar value of this exceptional program.

Given the above statements, we must also admit the fact that what works in New Hampshire may not be successful in other states. Each state must provide the maximum level of service for their respective customers. That was exactly why the Commodity Improvement Act was so successful for everyone! For the first time standardization of distribution agency procedures and minimum service commitments were required.

Understanding your department's responsibility to administer the dual role mission of the Farm Bill, this office must compliment some of your agency's role with their progressive procurement improvements. The Kansas City Commodity has provided cost savings for commodities through their direct focus and alternative methods of procurement along with greatly improved timely deliveries of product. On the downside, the overall timeliness and predictability of commodities remains the most serious of impediments of the program. Your department has worked to improve that component but some of your agencies cannot meet the needs of the distribution systems. If there is a serious focus on improvements to this program, the timeliness and predictability of commodity deliveries must be addressed. This leads me to believe that the review and standardization of your agency's level of service should be considered. Why not follow the lead of the Commodity Reform Act and perform a similar analysis of your department's level of service?

I would request that you keep the above comments in mind as you review the following comments to the BPR Proposal.

PROPOSED COMMENTS REGARDING

1. **Expand the use of long-term contracts**
As previously mentioned, some of the USDA efforts have already begun in this area. Why isn't this your agency's priority? The Kansas City Commodity Office had begun their use of alternatives contracts over five years ago. I do not believe that the BPR should be the vehicle of improvement for this subject, especially when this is a primary purchasing function.
2. **Test best-value contracting**
Best Value Contracting is another area of procurement responsibility. This concept is worthy of analytical review and comparison to the value, as received by the recipient agencies. Will it smooth the "dumping" of commodities or could it improve the timeliness of deliveries? What evaluation criteria will be utilized for this concept?
3. **Update product specifications**
This long-standing issue remains an everyday problem for USDA. For years we continue to hear that there are many commodities without commercial identity, so your agency continues to reinvent the basic food item? Why can't your agency just conform to industry standards, which would assist the school food service professionals? When will your agency react to the annual commodity acceptability surveys, which continue to request other forms and types of commodities? How difficult can it be to purchase other pasta shapes? How can your department purchase entitlement fish nuggets and yet *not* offer entitlement chicken nuggets?
4. **Allow vendors to use commercial labels**
This area will certainly be the most debated. This agency has already been receiving some commercial labels, such as turkeys, sliced cheese, peanut butter, cereals, instant milk and more. The difficulty will be with the actual requirement to provide inventory control at the recipient level. This office is interested in the piloting of this area. The overall impact of utilizing commercial labels should be a cost savings and removal of the generic label mentality. USDA began label modifications years ago but was not successful at implementation.
5. **Move toward national umbrella contracts with processors**
This is another example in which improvements could have been accomplished without the "BPR Umbrella". Standardization of procedures must remain a management philosophy for your agency.

6. **Expand full substitutability of commodity product**
*This office is opposed to this topic and we urge your department NOT to implement! The primary mission of the Commodity Program is to support domestic product. This area of BPR is a serious threat to the BUY AMERICAN REQUIREMENT!
This office cannot support this area in any form!*
7. **Work with states to test the seamless commodity distribution concept**
This area is one of numerous concerns. How can a topic of major financial potential be considered without any analytical data? How could this possibly reduce paperwork? What safeguards are there for the enforcement of domestic origin?
8. **Facilitate the processing of commodities with limited demand**
This concept should be another daily management principle for your agencies. The trail mix was an extremely favorable result. We do not need a BPR for this topic.
9. **Develop written hold and recall procedures**
Your department has the sole responsibility for food safety! Procedures for the recall and holding of questionable products should have already been implemented.
10. **Reduce the duration of product holds at the school level**
This is another area of concern but for different reasons. Your agencies have been the coordinators of all recalls and holds. The school food professionals have been required to await your agencies determination. Yet another management strategy that can be improved without BPR!
11. **Publish commodity recall reimbursement procedures**
Another area of immediate improvement without the need for the BPR vehicle! Along with that, the vendors also need to replace or reimburse the school food authorities for food found to be out of condition. The current procurement process does not include the lost value of product when a vendor has been at fault! There is an enormous national financial loss due to the lack of enforcement for the vendors to replace "defective" products! Why isn't the vendor required to "reimburse" the customer as the commercial market does? Your agency continues to discuss commercial product procedures yet fails to consider this financial loss!
12. **Provide computer connectivity to the school district level**
This would be doubtful during this millennium given the fact that your agency has not been successful at connectivity at just the state level. The federal government needs to review their direction of required electronic enhancements. Your department should remain the experts and advocates for agriculture not information technology!
USDA needs again to review the commercial procedures for food safety!
13. **Provide a single USDA point of contact**
This would be fantastic. My only concern is that it falls short of including a single progressive procurement team for all of your agencies! How can the Kansas City Commodity Office provide such excellent results and yet it has not been incorporated into the other procurement teams?

14. Work with states and partners to pilot-test improvements

I totally agree that pilot programs can work. The Fresh Produce Program was one of enormous success! BUT, your agency needs to establish criteria and methods of evaluation prior to implementation. The BPR process appears to be a "free for all" approach that could adversely impact the farm support and the school food service professional's ability to remain financially solvent.

This office is also requesting that your agency provide quarterly reports with measurements of the approved pilot programs.

15. Other Improvements: Facilitate the use of 4/11 funds for commodity purchases; encourage cooperatives; and relax truckload requirements.

a) Use of 4/11 Funds – School foods authorities would be gambling on your agencies procurement procedures due to the total lack of delivery predictability.

b) Cooperatives – I do not believe that the commodity program should be the mechanism for the discussion of alternative cooperative purchasing philosophies.

c) Relaxed Truckload Requirements – I believe this area to be beneficial for the distribution agencies. However, the USDA Regional Office interpretation and utilization of truckload sharing must be addressed.

16. Streamline paperwork and reporting requirements

This is an excellent concept! This office fails to see how that could be accomplished as part of the BPR Process. How could this possibly be accomplished given the need for such areas as, certification for domestic origin, commercial inventory tracking, financial comparison data requirements, fair share documentation and proper auditing of federal program participation?

SUMMARY:

In all fairness to our partnership, this office fails to be able to comprehend such a radical departure from fundamental management principles. Some components of the BPR Proposal are a serious threat to our dual role mission with the Farm Bill. Most of the topics appear to be attainable through your department's use of progressive procurement practices, sound management concepts, standardization of agency procedures and the need to solve the lack of timely deliveries. Your agency could also greatly improve the benefit of commodities through the implementation of commercial standards.

This office appreciates the opportunity to provide input for the BPR Proposal. Please contact me directly for any questions or additional discussions relative to any aspect of our valued Commodity Program.

Sincerely,



Arthur W. Hacussler
Supervisor

Fax: 202-720-9997
703-305-1410